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April 30, 2004

Deborah Tate, Chairman
Tennessee Regulatory Authority
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Nashville, Tennessee 37219

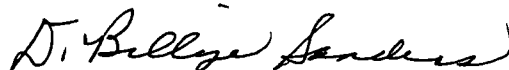
**Re: IN RE: PETITION OF CHATTANOOGA GAS COMPANY FOR
APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES AND
REVISED TARIFF
DOCKET NO. 04-00034**

**RESPONSE OF CHATTANOOGA GAS COMPANY TO THE MOTION
TO SEVER FILED BY CHATTANOOGA MANUFACTURERS'
ASSOCIATION**

Dear Chairman Tate:

This letter is to inform the hearing officer that Chattanooga Gas Company ("CGC") supports Chattanooga Manufacturers' Association's ("CMA") Motion to Sever from this docket the request by Gas Technology Institute ("GTI") that a research and development surcharge of 1.74¢ per MCF be collected from customers of CGC. Severing this issue and addressing it in a rulemaking or generic docket would facilitate the full participation of other regulated gas utilities that have no interest in the rate proceeding of CGC. Furthermore, it would facilitate a uniform surcharge for the customers of all regulated gas utilities thereby ensuring that CGC's customers do not pay a disproportionate share of the fee.

Sincerely,



D. Billye Sanders
Attorney for Chattanooga Gas Company

DBS/dh

cc Parties of Record
Archie Hickerson, Manager - Rates
John Ebert, Associate General Counsel-AGL Resources
Elizabeth Wade

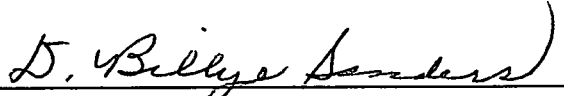
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Deborah Tate, Chairman
April 30, 2004
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CERTIFICATE OF SERVICE

I, hereby certify that on this 30th day of April 2004, a true and correct copy of the foregoing was delivered by hand delivery or U.S. mail postage prepaid to the other Counsel of Record listed below.



D. Billye Sanders, Esq.

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Deborah Tate, Chairman

April 30, 2004

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